

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 502; PCS

SHORT TITLE: ABC Law Changes

SPONSOR(S): Representative Hensley

FISCAL IMPACT:	Expenditures:	Increase ()	Decrease ()
	Revenues:	Increase (X)	Decrease ()
	No Impact ()		
	No Estimate Available ()		

FUND AFFECTED: **General Fund (X)** **Highway Fund ()** **Local Govt. ()**
Other Funds ()

BILL SUMMARY:

The proposed act makes the following changes to the Alcoholic Beverage Control Laws: (1) Amends the definition of "Special ABC area," to require that the area be contiguous; (2) authorizes on-premises beer and wine permit to be issued to a "Tourism ABC Establishment" defined as a restaurant or hotel located within 1.5 miles of a parkway junction within a county that allows on-premises sale of malt beverage or unfortified wine in at least one city; (3) changes the description of persons prohibited from appointment to or employment by the ABC Commission, local boards, and the ALE division due to a financial interest in a commercial alcoholic beverage enterprise to persons with an interest in an alcoholic beverage enterprise, or members of the family related to the first degree of a person with a financial interest in an alcoholic beverage enterprise; (4) allows brown-bagging permits to be issued to congressionally chartered veterans organizations; (5) allows permitted sports clubs to make purchases from any ABC store in the county (now--must purchase at nearest municipal ABC system), amends definition of who must meet qualifications for persons associated with a business that applies for issuance of an ABC permit, to include officers, directors and owners of 25% or more (now--more than 25%) of stock in a corporation applying for issuance of a permit; (7) allows wholesale delivery and sale of unfortified wine, fortified wine, and malt beverages at any time to a permitted non-profit fund raising event and to a permitted non-profit or political organization ticketed fund raising event (8) deletes provision allowing retail permittee to purchase malt beverages, unfortified wine, or fortified wine, form an "importer;" (9) redesignates "recreation/sports districts" as "recreation districts;" defines "recreation district;" authorizes the ABC Commission to issue permits to qualified businesses in a recreation district to sell malt beverages, unfortified wine, fortified wine, and mixed beverages to qualified businesses in the district; and defines the area of a recreation district; (10) expands the areas in which the ABC Commission may issue residential private club and sports club permits; (11) allows breweries producing less than 310,000 gallons a year to obtain a

wholesalers permit to sell, deliver and ship at wholesale malt beverages they manufacture; (12) clarifies that a holder of a malt beverages importer permit may sell malt beverages to wholesalers; (14) requires malt beverages sold by a holder of a nonresident malt beverage vendor permit to have come to rest in the licensed premises of a wholesaler in the State before resale; (15) requires wine sold by a holder of a nonresident wine vendor permit to have come to rest in the licensed premises of a wholesaler in the State before resale; and (16) exempts breweries producing less than 310,000 gallons a year from restrictions on financial interest in or on lending or giving things of value to a wholesaler or retailer with respect to the brewer's transactions with the retail business on its premises.

The Proposed Finance Committee Substitute increases various application fees for ABC commercial permits under G.S. 188B-902.

EFFECTIVE DATE: Upon Ratification

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:
State ABC Commission

FISCAL IMPACT

	<u>FY</u> <u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	93-94	94-95	95-96	96-97	98-99
REVENUES:					
GENERAL FUND					
Retail					
Permits & Licenses	\$10,150	5,400	5,400	5,400	5,400
Commercial Permits	4,855	4,855	4,855	4,855	4,855

METHODOLOGY:

The fiscal impact is due to approximately 20 new business establishments that would be eligible to apply for ABC permits and thus be licensed for the retail sale of malt beverages, unfortified wine, and mixed beverages. The permit application fee is \$200.00 if an application for on-premises malt, unfortified wine, and fortified wine, is made at one time and for the same business location. There is not an annual permit renewal fee for these three beverages. The mixed beverage permit is \$750.00 and the renewal fee is \$500.00. If a business is permitted to sell beer and wine then the Department of Revenue requires the business to purchase a separate annual license, one for on-premises malt and one for on-premises unfortified wine. Each license is \$100.00.

The revenue for each fiscal year was determined by multiplying the number of establishments by the permit and license fees required of them if they choose to sell alcoholic beverages.

SOURCES OF DATA: State ABC Commission
Giles Perry, General Research

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION

733-4910

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APPROVED BY: Tom L. Covington **TomC**

DATE: May 24, 1993



Signed Copy Located in the NCGA Principal Clerk's Offices